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AGENDA FOR BOARD OF DIRECTORS MEETING

DATE: Wednesday, November 29, 1972
TIME: 5:00 P.M.
PLACE: Ashton Oil Office

1. Minutes of previous meeting (Please read prior to meeting and bring any comments you might have.)
2. Discussion of mailed pieces:
 - A. Track & Equipment report mailed with minutes.
 - B. Management analysis of 1972 season and projections for 73 & 74.
(This is included with the agenda. Please read carefully and bring any comments you might have.)
3. Progress report - Dennis
 1. Movement of tank cars and crane
 2. Engine house
4. Future - Lowe
5. Any new business

COMMENTS ON 1972 RAILROAD SEASON

Of course the profit picture at the end of the operating season and the breakdown of the 35 were the two most disappointing things of the year for me. The problems with the 35 are mechanical and will not be discussed here except to comment that a successful season is completely dependent on mechanical reliability and at this point, I consider our weakest link other than the lack of capital to completely develop the concept as we see it.

Profits are the key of course, to the final justification for continued effort and investment of risk capital. We certainly have not earned enough to justify continuing to operate next year on the same basis, and we should expect our Stockholders and Board of Directors to be upset at our lack of progress. The only justification we can make is that we have learned a lot and in a developing business, the third year of operation is always the most critical. Therefore, an in depth study of the last operating season to see why an inadequate amount of profit was generated, is a prerequisite for determining how we should operate next year and if it is possible to stimulate an adequate amount of capital to do what most of management wishes to do.

Thus far, the rather nebulous aims of management have been as follows:

1. Upgrade track so that it is possible to run two trains daily through entire summer and a Nightclub-Dinner on the Diner Train, to the dam at least, all year round, with increased speeds if necessary all along the line.
2. Development of terminal facilities somewhere in the canyon at either Bridal Veil Falls or Vivian Park to allow for round trip or one way tickets being sold from both ends of the line, hopefully allowing the flexibility of staying in Heber Depot Area or the Canyon Area and having the options of taking other trains back to your beginning.
3. Development of Nightclub-Dinner on the Diner Train.
4. Expansion of the number of excursion runs and charter runs.
5. Development of income producing entities as a byproduct of the crowds developed by the excursion steam train at terminals. This includes food, novelty, gifts, museum, lodging, rentals to other businesses, etc.

These five points cover, I think, the general aims of what we have considered as Phase One of the development of the Heber Creeper as a prominent and profitable recreation-tourist entity for the State of Utah. However, it is becoming more apparent that it will take considerably more capital than we have thus far been able to generate to accomplish this goal, and in the opinion of the writer, the risk is too great to acquire any more funds by borrowing.

Therefore, we only have two avenues left: (1) Attraction of additional risk capital or (2) merger or buy out by a larger concern.

Before we can do either of the two above (a combination of the two is also possible) we must be in a position of justifying to ourselves as well as to our potential partners - stockholders- that the investment will ultimately provide an adequate profit to justify the investment. Regardless of the possibilities of selling investors on the "limited partnership - share the loss" type of entity, we still must convince ourselves that the investment, which should total over three quarters of a million dollars for Phase One alone, will ultimately generate adequate profits. (\$150,000.00 from the original stockholders, \$165,000.00 borrowed funds and a minimum of \$450,000.00 from outside sources). An adequate return on investment for this type of business would have to be a profit yearly in excess of \$100,000.00 if we are to have happy stockholders. Now, the question is: With an operating season that indicates a seasonal profit of \$30,473.24 (Sept \$8,655.90, August \$14,885.33, July \$4,302.58, June \$3,900.90, May \$1,271.37) (There could be a loss for October) can it be expanded to allow for the losses accrued during the non-operating season of six months and still show a yearly profit of \$100,000.00 plus? As we analyze last year's performance, we must remember that in all probability, the full calendar year of 1972 will probably show an operating loss, because the six non-productive months will lose more than the six productive months made and we have not accounted for the possible expenses of restoring the 35. (This brings up an additional factor that bothers the writer and that is the relationship with the Foundation and the Historical Society. The leases we now have do not lend themselves to long term tranquility and the fact we do not own the equipment will go very hard on us when we try to attract more capital from the sophisticated investor type who might buy from stockbrokers.)

With this background, we will then approach an analysis of next year on two basis:

1. That we will be unable to develop any more funds than we have now.
2. That we will find the capital to develop the entire Phase I concept during 1973-74.

But before this, some comments about the 1972 season and reasons why I feel it was disappointing:

1. Borrowing capacity was held up until the last minute forcing hasty decisions: pressure on acquiring desired equipment, lack of preparation for season, lack of pre-season advertising effort, inability to restore engines prior to operating season and loss of time to do needed trackwork prior to season. All these factors I think contributed to a relatively slow start and perhaps excessive spending in some areas. But, the lack of time to develop a pre-season advertising and solicit charter business from the schools and conventions, because we didn't know just how prepared we would be and really, if we could run on a limited basis, or if we would have to curtail our operations and run only to the dam, or on weekends etc., were probably big reasons for our slow start in May and June and might have affected July as well.
2. I think we may have overestimated our appeal in May and June and must recognize that factor in projecting our business for next year. However, I cannot understand why July, with its two major holidays didn't closely approximate August's volume. I realize that August may be a bigger vacation month, But I don't think statistically it could be 25% greater than July and when you consider the vacationer plus the long weekender that can patronize us in July and not in August, I do feel greater advertising effort in July will produce revenues equal to or greater than August.
3. Advertising: We first established a \$10,000.00 budget or approximately 8% of projected sales. In August we increased this to about 12% and I think this helped that month's sales. Our total advertising for the season ending September was actually closer to 12% and I think our budget for next year should be around 11 to 12%.
4. Highway and Directional Signs: The first part of our season we didn't have any good highway and directional signs on Heber's Main Street and on the bridges in the Canyon or the chamber signs done as they now are. I think this will contribute heavily to our impact in May, June and July and the expenditures are already made. We should look closely at those signs in March and April of next year to make sure they are attractive. Also, consider the addition of something like "NOW OPEN" or SEASON STARTS MEMORIAL DAY (MOTHERS' DAY) etc., on the sign.

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Now

5. Inexperience: Since 1972 was our first full operating season we just did not know what were our weaknesses and our strengths. Now that we know we must spend additional effort to start the season, we can design programs to attract specific attention from specific groups; i.e., Mother's Day, Father's Day, Armed Forces Day, Flag Day, End of School Day, Dairy Days, Coke Days, are all ideas or events that could be promoted in May and June to get those months increased.

6. Disappointment in equipment: Some of our people just did not do what they said they would do, particularly in the realm of restoration of engines to have them as backup or auxiliary equipment. This could have added considerably to our total revenue if just from the fact that we could have avoided cancellation of runs, or a tool whereby we could charter special small groups at times when the scheduled train was running. Also, I feel that basically the closed coaches are not as profit-producing as I had hoped. They are heavy, causing increased consumption of fuel and require considerably more maintenance to keep attractive including interior-exterior painting, cleaning windows, bathrooms, walls, floors, upholstery, etc., when compared to the open air cars and therefore, should be relegated to a less important position and utilized fully only when inclement weather threatens or the season is too early or too late to be comfortable if one is confined only to open air cars. Any additional cars should be open air and double deck some if economically possible.

Encouraging factors about the 1972 season:

1. We made it. In spite of several forecasts of doom from many, particularly the State Highway Department, the Utah resident interest in the railroad was not just a one year or one time factor. Patronage was up considerably, on a per run basis as well as a season and income was up accordingly.

2. Crew: It has been proven that the stewardesses and stewards, doubling as janitors, supply personnel, painters, brakeman, switchmen, firefighters, public relation personnel, etc., are fabulous, dependable and just great to have around. Also, firemen and engineers are pretty well available for the most part and hourly compensation is not the factor for wanting the job.

The weakness was maintenance men in the engine house and an area we must improve. (I think we already have.) Track gang proved to be very dependable but must have a bit more discipline particularly in the smoking and drinking

area, which will be forbidden during working hours. Their image from dress and hair could do better. We are a public entity and how people see us, hear us, and smell us is how they remember us and this is true of the track gang as it is of the stewardesses and they must be trained to be as conscious of their overall image as are the engineers and stewardesses. Overall, I was most proud of almost everyone.

3. Great August and September (except for breakdown of the 35 which was heartbreaking). This period actually exceeded expectations and if we made a mistake it was is not running enough times. (See 1973 projected season). Whatever we did it all clicked finally and we went into excellent profit picture for the last two months.

4. Records: I think our history of expenses can provide excellent basis for projection of income and expenses for the coming year.

5. One time expenditures: A great deal of work, particularly the moving in of equipment is done and next year our key personnel can concentrate on the operations, not on development of concept or acquisition of equipment.

6. Ice Cream Parlor Car: I think this was the best new thing we did all season and one that we must enhance next year. One problem: If we have an extensive two train season, we must consider the need for two Ice Cream Parlor Cars and yet, can we afford the investment in a second one if it is used only 10-12 days a year? One alternative: The Bar Car of the Night Club Train could double as a Ice Cream Parlor Car on these special days if we consider that side use when developing the Bar Car.

Assuming funds we have now are all we are going to have available, we then have additional alternatives, most prominent of which are:

a. Continue as we are, plowing what we can, when we can, into the line over its entire length, hoping that gradual growth will allow us to maintain in some semblance of repair what we can.

b. Reduce the length of our line to the Dam or even to Charleston if necessary. Spend our entire effort on that short line, run small engines (little 2-6-2 prairie being the best engine) all open air cars, with ice cream parlor car only, charge about \$2.50 for adults, \$1.25 for children, hope we can build more securely in this manner.

c. Develop a whole new concept of operation, run short runs and long runs. Go for broke.

A. Continue as we are: Funds available \$80,000.00. However, \$20,000.00 is earmarked for monthly operations until season begins. November, December, January, February and March budget for cash flow will be \$4,000.00 per month average.

	<u>PER MONTH</u>	<u>5 MONTHS</u>
Budget: Insurance (Primarily Health & Accident on Ed & Dennis)	50.00	250.00
Interest	580.00	2900.00
Miscellaneous supplies allowance	100.00	500.00
Accounting (Two time expense only)		150.00
Wages (Lowe's will be held until season begins Dennis, Ed at \$550.00, Merle at \$65.00)	1165.00	5825.00
Telephone	75.00	375.00
Mileage & Misc Expenses		
Taxes (One time cost) November estimate		2000.00
Lease payment one time cost, January estimate		5500.00
Principle payment on loan (Non-expense but cash required)	1500.00	7500.00
Cash Needs, five months		
TOTAL:		\$25,000.00

Expenses that will be incurred but are non-cash:

Lowe's salary: \$500.00 per month		
Depreciation: \$1000.00 per month		
Amort. & Pre Org. Expense: \$400.00 per month	1900.00	9500.00

As you can see by adding the non-cash expenses to the cash needs, less principle payment, we should have approximately a \$21,500.00 loss or \$4300.00 per month. This could be partially offset by applying Dennis' and Ed's work on the building to a capital improvement, but this is of value only if we need future depreciation more than immediate expense from a tax standpoint, which at this time is a rather nebulous consideration.

The Sixty Thousand still due from the Loan Proceeds is to be tentatively used as follows:

Engine House: \$20,000.00

Restoration 35: \$9,000.00

Trackwork: \$25,000.00

Contingency (10%): \$6,000.00

However, the need of Del for cash for the U.P. Diner we have (\$5500.00) places a severe strain on this problem if we must indeed come up with the cash (as we agreed to do). One alternative suggestion: Take the G.M. & O Diner in Omaha that is owned mutually by Del (\$1500.00) Lowe (\$1500.00) and the Company (\$1000.00) and ask Cratville if he can sell it for something close to \$6500.00 which we could then pay Del the amount due him. (Consider this carefully all of you) As we prepare to project the income potential for the coming 1973 season, assuming trying to operate much like we have in the past with the above available funds, we also must remember that we must again have approximately \$30,000.00 minimum after taxes available on October 10, 1973 to allow us to continue to function during the 1973-74 winter and this is an extremely tight budget, so much so, that we must assume any costs for materials or startup are either chargeable for payment out of income, or we have working capital available (which is unlikely). For the purpose of this discussion, we will assume that the fares will remain the same as last year, but that charters will go up to \$500.00 minimum for school children and \$600.00 minimum for adult charters. I think it will be imperative that we be able to start generating some type of income by the latter part of April and considering the success of the Garfield Western in attracting school children in April and May (I have heard as many as 5,000 students) we are going to set a total charter goal of \$15,000.00 (but we will actually budget for \$12,600.00). During April, May, September and October, charters should be sold on Fridays and Mondays preferably, with less and less sales emphasis placed on days the furthest from the weekend they may fall. It is still preferable to sell 2 charters on the same day and we should work out a discount if we are able to encourage scheduling on the same day.

Gross Revenues - Excursion Steam Train, by month, based on the same fee schedule and a \$500.00 and \$600.00 minimum charter fee:

April: This month and the first of May are new potential, of course, and will have some built in problems, particularly from the Stewardess and Steward employment, as well as the possibility of unattractive scenery and cold stormy weather. However, our cash condition almost necessitates an attempt at operations by the 20th of April if at all possible. By establishing

a monthly sales goal of four charters at \$500.00 each and scheduling one run daily on Saturday 21, Sunday 22, Saturday 28, and Sunday 29 at \$600.00 average gross, we could have approximately \$4400.00 gross revenue for the month of April (1972 Sales = 0). We will calculate each run at \$600.00 each (See this year's May and June average revenue per run). This may be high but I think it will be worth the gamble.

May: The success of May, of course, will be dependent on weather and our ability to solicit charter business. But we will assume a sales "Budget" of six charters at \$500.00 each and one scheduled run on Saturday May 5 and Sunday May 6, two runs on 12 and 13 (Mother's Day Weekend) and two runs each weekend day and holiday thereafter, with one run on the weekdays of the 29th, 30th, and 31st, or a total of 19 scheduled runs, with a projected average of \$600.00 per run, total sales goal for May: \$14,400.00 (1972 Sales \$5251.80).

June: Schedule two runs each weekend, one run each weekday, open each day of the week. Total: 39 scheduled runs at \$725.00 average each (1972 average about \$621.00) and four charters at \$600.00 each, total sales goal for June \$30,675.00 (1972 = \$21,791.80).

July: Effective the 2nd, we will schedule two runs daily. (Please consider whether or not we should schedule four runs on the 4th and 24th, considering both holidays are in the middle of the week. It is extremely difficult to justify the logistics of a two train-four run day for only one day). Projecting therefore, 18 weekend runs at \$950.00 gross per run, 4 holiday runs at \$1,000.00 per run, 20 afternoon weekday runs at \$750.00 per run, and 20 morning weekday runs at \$450.00 per run (1972 average all July runs about \$810.00), we have a gross revenue potential sales goal for July of \$45,100.00. (1972 = \$31,675.06)

August: We will assume 2 runs daily for every day of this month, but if we have greatly exceeded our expectations thus far, we could consider a four run weekend each weekend day. But, based on the 2 run concept, we can expect 12 weekends runs at \$965.00 each and 8 weekends at \$700.00 each, 23 weekdays at \$1,000.00 each and 23 weekday morning runs at \$500.00 each (average for August about \$856.00) sales goal of \$51,680.00. (1972 = \$42,005.94)

September: The first weekend September 1, 2, & 3, Labor Day Weekend, we will presume a 4 run per day schedule with two runs each weekend thereafter. We will also set a sales goal for a minimum of 6 charter runs creating \$3200.00 worth of additional business with 16 holiday runs averaging \$900.00 each and 12 weekend runs averaging \$800.00 each, we could expect a September sales goal of \$27,200.00. (1972 Gross = \$22,546.72)

October: We will set a four charter sales goal of \$2,000.00 and schedule four weekend runs on the 6th and 7th and create a sales budget goal of \$5200.00. However, if the weather is very good and we are successful in setting up several charters later on in the month (i.e., 12, 15, 19 & 22) we could schedule a run each weekend (one per day).

Gross Operation Revenue Total: April 20 through October 7th: \$178,655.00 less sales tax. (1972 = \$132,063.60, 35% increase)
Based on the average ticket sale of \$3.20 each for schedule runs and about \$1.50 each for charters, we could then expect our total patronage to be approximately 60,000 paying passengers.

Summary by Month and Total:

April	4 Charters:	\$ 2,000.00	
	4 Scheduled:	\$ 2,400.00	\$ 4,400.00
May	6 Charters:	\$ 3,000.00	
	10 Scheduled:	\$11,400.00	\$14,400.00
June	4 Charters	\$ 2,400.00	
	39 Scheduled:	\$28,275.00	\$30,675.00
July	62 Scheduled:	\$45,100.00	\$45,100.00
August	66 Scheduled:	\$51,680.00	\$51,680.00
September	6 Charters:	\$ 3,200.00	
	28 Scheduled:	\$24,000.00	\$27,200.00
October	4 Charters:	\$ 2,000.00	
	4 Scheduled:	\$ 3,200.00	\$ 5,200.00
TOTAL:			\$178,655.00

Total Runs: Chartered: 24
Scheduled: 213
Total: 237
1972 Season = 169

*Projected
Expense
\$30,000*

Expenses: Our 1972 expenses for the year through to September 30, have been \$116,483.43 and we project that the expenses for October, November and December will be approximately \$20,000.00, totaling \$136,483.43. Although the necessity for many one time expenses during the beginning months of 1972 will not be necessary for 1973, one would have to admit that the expansion of the number of runs, from 169 a year to over 235, it would be virtually impossible to keep the expenses for the year close to \$140,000.00. As an example, wages to run the train amounted to an average of \$135.00 per run last year. If we were able to reduce this to an average of \$120.00 (it costs less per run to run two times per day than it does to run once) we would still have to increase our wage budget \$5000.00 for the year. It is also obvious that our wages for maintenance probably would increase, but not proportionally and G & A would increase. Last year Ed and Dennis layed off 2 months and Lowe wasn't paid until June etc. Thus, a projected income for the year, based on this section's expanded schedule of around \$40,000.00, I think is extremely optimistic. Since in this business, profit and cash flow are almost synonymous, principle payments being almost equal to non-cash expense items (depreciation et al), then our after tax funds available will probably be around \$30,000.00, some \$50,000.00 less than we have this year and in all probability only adequate to carry the company through the 73-74 winter and not adequate for any investment in trackwork, tressle work, or anything else but minor repairs that our full time men are capable of handling alone. This type of income projection is extremely risky and therefore requires a look at other methods of income for the coming year. It also dictates that one more major breakdown, ala "#35" or a tressle becoming weak, or a major loss of a section of track, etc. etc., could wipe us out. In the writer's estimation, unless I have grossly underestimated our sales potential, this analysis tells me we should consider other methods of operation, rather than following the same game plan. This is a very critical decision, because the past game plan has proven acceptable to the public and any change would have to be most carefully considered. Any change would make much of our past experience of little value in projecting our potential income.

For this discussion of B (reduce the service, cut back, etc., and C (radically change our mode of operation) we will keep the comments brief so that the readers own mind can come up with ideas because we are in completely virgin territory.

B. Reduce the Service: This would allow us to radically cut our operating costs and our investment requirement in track. The concentration of the entire \$25,000.00 of capital funds we have not allocated for track could be concentrated on the upper end of the line and the results of this concentration would make it far better than we would expect of that amount spread over the whole line. We could make several short runs each day, allowing flexibility of patronage and hopefully a reduced fair (say \$2.50 for adults and \$1.25 for children) could entice a great many more local patrons and tourists would also be able to ride in greater numbers since we would be running more and the run would be shorter. No grades to worry about, the engines and cars would all be much easier to maintain, etc. Only one steward and stewardess on each train etc. Frankly, this is distasteful to the writer, but may be the only honest answer. I do doubt, that once the operation ceases in the canyon and the Highway Commission gets back on the right-of-way, that we would ever be able to start down the canyon again. Also, the big reason for working so hard to save the canyon was not particularly created just for economic profit potential, but was a fight to preserve a way of life for an entire community and that portion of our effort cannot be ignored.

I urge each one of you to put your mind to work and honestly appraise this approach and see if you can come up with some positive methods of changing our concept and yet make that all important profit.

C. Radically change our mode of operation, Go For Broke: Although there may be many ways we could consider doing this, the one suggested by Dennis and Ed that follows has the greatest potential and appeal to me:

1st - Train running Bridal Veil Falls to the Dam (Little Train).

2nd - Train running Heber City to Dam (Big full blown Heber Creeper).

The Heber City Depot would be the main terminal for all of the operation.

Train #1 operates between Bridal Veil Falls and Deer Creek Dam using the 2-6-2 and four open air cars (two covered and two topless). The Falls Management would be approached about providing the following:

- a. First class restrooms
- b. Parking
- c. Facilities for taking all tickets and accounting for money daily.
- d. Include Heber Creeper in all Bridal Veil Falls advertising.
- e. Ramp to load and unload.

Train #2 would run between Heber Depot and the Dam meeting the Bridal Veil Falls train at the Wallsburg siding. Passengers holding the round trip tickets would board the train at the Dam going which ever direction and on what ever train will continue on. The second train would be made up of the red cars, the combine and one or two open air units. Suggested prices for tickets would range as follows:

	Bridal Veil Falls Round Trip to Deer Creek Dam	Heber City Round Trip to Deer Creek Dam	Heber City Round Trip to Bridal Veil Falls
Adults	\$2.50	\$3.25 - 3.75	\$4.75
Children	\$1.25	\$1.50	\$2.25
Evening part run, small train or possibly first run in morning from Bridal Veil Falls one way to Heber City:			
Adults	\$2.50		
Children	\$1.25		

It would be highly suitable in terms of making a more saleable product by running trains from both Heber and Bridal Veil Falls. Also, the Company would not have to spend a great deal of money developing southern terminal facilities. Running more trains more often would also offer more runs to fit more people's pocket books as well as time schedules. The Out-of-State tourist would most likely take the entire round trip run between Heber City and Bridal Veil Falls.

Operating the lighter train over the poorest track we have would save money relative to long range expenditures on track down the canyon. Wear and tear on the track would be reduced and this same reduced wear factor would apply to the big red cars, running only between Heber City and the Dam. Locomotives would not have to work as hard since the lightest train would be pulling the grade. The heavy train would not have to go down into the canyon. Operating between Heber City and the Dam our heaviest would be running primarily on level ground.

All servicing would still be done in Heber City. Using a water car, the 2-6-2 would be able to stay down the canyon all day long. Dennis feels this would be possible knowing what we do about the 2-6-2 at this time.

Crew: Additional people would be required for this type of operation. Additional people would not be that great. These people would mainly be in the area of more engine crew and an extra conductor and steward. Further study will develop the concept's economics as well as polish the entire program. This approach seems to cover all the bases.

The logistics of determining just how many round trip tickets per run on each train, the timing of the more numerous runs, the increased need (double) of qualified firemen, engineers, and conductors, the need for a much higher quality maintenance program, the ability to sell on the phone without fantastic confusion, are all problems that we would have to work out. But basically the opportunity to greatly reduce the wear and tear of our equipment, the fact that it justifies having two engines able to work all the time, the ability to raise our fee over 15% without really having it hurt too much, the appeal to schools and charters for a smaller fee (greater revenue per mile however) the flexibility of the packages, all appeal to the writer very much. The primary drawbacks to its practicality are:

(1) Can Bridal Veil develop adequate parking in time and for the season? This is critical and would require some pressure on the State Road as well as Utah County (there is a canyon wide moratorium on all building).

(2) Is the 2-6-2 ready? We really have never tested it adequately to know its capacity.

Also, do we want to work this closely with Mr. Coombs? I hear disturbing things about him and worry about this. (Jim, perhaps here you could get the State to make a report on him, financial resources, character, family reputation, any rich relatives, mental capacity, marital relationship, personality, etc.) One thought I have always had, as you know, is to wait until the Falls as a business operation is almost ready to fold and then to merge with it and use the combination Heber Creeper-Bridal Veil Falls entity as a total package to entice future stockholders to invest. However, if we merge operations as suggested here, and it works, we may never get the opportunity to buy it and find, in fact, ourselves more or less under their control as far as the southern end of the operation is concerned (except that we always have Vivian to fall back on and develop ourselves.)

Assume we achieve full financing or partial by financing and merger etc.:
We are enclosing a sheet showing what the writer feels are the proper amounts of money to spend had we the funds we need for the next two full years, 1973-1974. If we are successful in developing this capital, then the question of the proper concept for daily operations is not very critical. The writer assumes that his primary responsibility is to aid those of you who get this report to determine the best course of action based on the assumption that we will not get additional funds, allow you to work out the operational details on that assumption and concentrate my own time on getting the money somehow anyway.

Heber Creeper summary of money required to accomplish optimum position of development over next two years: Adequate to establish terminals at both ends of line, run trains on a year round basis (Night club concept at least) and have as many as two trains pulling trips each daily or more if needed all summer long:

A. TRACK

1. 1973-74 tie ballast and rail replacement as per budget	\$60,600.00
2. Additional equipment needed (See Track Report)	\$ 9,600.00
3. Special projects (See Track Report mailed previously)	\$46,500.00
4. Acquisition of rail from Park City and lay into Heber	\$17,000.00
5. Contingency	\$ 6,200.00

Total Track: \$140,000.00

B. ENGINES

1. 618	\$ 6,000.00
2. 35 (Amount rough estimate to restore to top shape)	\$15,000.00
3. 2-6-2 (Budgeted for 9,000 + 6,000 contingency)	\$ 3,000.00
4. Diesel Unit (Acquisition & movement into Heber City)	\$20,000.00

Total: \$44,000.00

C. EQUIPMENT

1. Page 4 & 5 of Director Report of Funds needed for 73	\$14,000.00
2. Payment to Del for his equity in Diner car (Dome?)	\$ 5,500.00
3. Acquisition of three more open air type box cars and fix	\$ 6,000.00
4. Contingency	\$ 2,500.00

Total: \$28,000.00

D. HEBER CITY TERMINAL EXPENDITURES

1. Engine House Optimum (Now budgeted for 17,000.00 to 20,000.00)	\$50,000.00
2. Acquisition of Turner's property	\$50,000.00
3. Tools & Equipment, water tower etc.	\$ 7,000.00
4. Blacktop and landscape	\$10,000.00
5. Contingency	\$ 6,000.00

Total: \$123,000.00

E. DEVELOPMENT OF SOUTHERN TERMINAL

1. Acquisition of Bridal Veil Falls or development of Vivian	\$75,000.00
2. Parking lots and storage yard at Vivian	\$10,000.00
3. Trolley concept	\$ 5,000.00

Total: \$90,000.00

F. DINNER ON THE DINER CONCEPT ALLOWANCE

\$50,000.00

Total: \$50,000.00

TOTAL: \$475,000.00

NOTE: If we raised \$500,000.00 through public sales or limited partnership basis, after selling commissions probably our cash would be around \$425,000.00. Difference between cash raisable and cash needed could be the balance of the loan we have not used or cash which we can always use.

LOWE ASHTON